


**MADSEN**  
**RED LAKE GOLD**  
**MINES,**

L I M I T E D

**ANNUAL REPORT**  
**1974**



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# MADSEN RED LAKE GOLD MINES, LIMITED

## directors

PAUL H. McCLOSKEY, M.C., B.Sc. <i>Mining Executive</i>	Toronto
HUGH H. MACKAY <i>Director of PITFIELD, MACKAY, ROSS &amp; COMPANY LIMITED, INVESTMENT DEALERS</i>	Rothsay, N.B.
FOSTER W. HEWITT <i>Radio Executive, President of RADIO STATION CKFH</i>	Toronto
DONALD W. FALCONER, Q.C. <i>Solicitor and Partner in HOLDEN, MURDOCH, WALTON, FINLAY, ROBINSON.</i>	Toronto
A. D. HELLENS, M.C., B.Sc. <i>Mining Engineer</i>	Toronto

## officers

PAUL H. McCLOSKEY, M.C., B.Sc., <i>President</i>	Toronto
FOSTER W. HEWITT, <i>Vice-President</i>	Toronto
M. MASTERSON, <i>Secretary-Treasurer</i>	Toronto
J. A. HAMBLETON, P.E. <i>Mine Manager</i>	Madsen



# REPORT OF THE DIRECTORS

## To The Shareholders:

Your Directors submit the Thirty-Ninth Annual Report which includes the Auditors' financial statement and the Mine Manager's report covering the year ended December 31, 1974.

On October 24, 1974, the Shareholders of the Company approved and authorized the execution of an agreement dated September 14, 1974, made between the Company and Bulora Corporation Limited providing for the sale to Bulora of the Company's mine and all adjacent mining properties and all mine buildings and mine equipment in the Red Lake area of Ontario for the sum of \$1,700,000.00. The effective date of the sale was September 15, 1974. The closing date was October 28, 1974. Under the Agreement, Bulora undertook to pay the Company a royalty equal to 15% of the Net Proceeds derived from the sale of ores or products from the mine. The future of the mine and the payment of the royalty depends almost entirely on the future price of gold.

Before deducting an extraordinary item, earnings for the period January 1 to September 15, 1974, were \$935,106.77 or 26 cents per share compared to \$673,943.94 or 19 cents per share for the year 1973.

Reflecting the sale of the mine, deduction of the extraordinary item amounting to \$1,398,876.38, resulted in a net loss of \$463,769.61 or 13 cents per share. The breakdown of this item is as follows: (a) loss on sale of Red Lake property — \$587,651.74, (b) loss of fixed assets at the mine — \$259,360.38, (c) loss on deferred development — \$126,368.16, (d) expenses — \$30,496.10, (e) income taxes — \$255,000.00, (f) deferred income tax — \$140,000.00.

For the period January 1 to September 15, 1974, the average free market price received for gold was \$153.01 per ounce compared with \$99.28 per ounce in the year 1973.

Marketable securities are shown at a cost of \$399,769.18 in the current assets. The market value of these shares is \$623,535.76 at December 31, 1974.

The Board of Directors declared a dividend of 42 cents per share out of earnings, amounting to \$1,493,602.32, paid September 30, 1974.

Working capital was \$2,611,594.86 at December 31, 1974, compared to \$2,654,400.53 at December 31, 1973.

The ten-year financial summary is appended to this report.

The Company has no plans to wind up its affairs in the foreseeable future. No definitive exploration policy can be formulated by the Company until some incentives are offered to the mining industry by the federal and provincial governments. Meanwhile, the Company intends to continue as a holding company through investments in mining and other securities.

### **OTHER INTERESTS**

**BAFFINLAND IRON MINES LIMITED** — Your Company has a 20.06% interest — 680,075 shares. Previous drilling indicated 123,500,000 tons of 68.13% iron. This project is managed by Hudson Bay Mining and Smelting Company Limited. It remained dormant during the year.

**POTASH — SASKATCHEWAN** — The freehold acquisition totalling 4,390 acres of land is still retained by the Company.

**LASSIE RED LAKE GOLD MINES LIMITED** — Your Company owns 335,500 shares. This property is located in the Red Lake area of Ontario, tying on to both Campbell Red Lake Mines Limited and Dickenson Mines Limited. It is managed by Dome Exploration (Canada) Limited. Approximately 27 years ago Dome completed an exploration and surface diamond drilling program. Further investigation of the property would have to be through the workings of adjoining properties, that is to say, if one of the adjoining properties found that the ore dipped on to the Lassie property at depth, then perhaps a deal could be worked out where further investigation of the Lassie property could be carried out from depth. Otherwise the surface drilling that was done so many years ago, even at today's prices for gold, is still not encouraging.

### **APPRECIATION**

The Directors take this opportunity to express appreciation to the Mine Manager, J. A. Hambleton, and the employees for their loyal and efficient services rendered to the Company.

Respectfully submitted on behalf of the Board.

P. H. McCLOSKEY,  
President.

Toronto, Ontario,  
April 3, 1975.



# REPORT OF THE MINE MANAGER

The President and Directors,  
Madsen Red Lake Gold Mines Limited,  
Toronto, Ontario

Gentlemen:

The Thirty-Ninth Annual Report, covering the mining operations for the period from January 1st, 1974 to September 15th, 1974, is submitted for your consideration.

## PRODUCTION

The following figures show the production for the eight and one-half month period to September 15th for 1974 and the year 1973.

	To Sept. 15, 1974	1973
Ounces of gold .....	22,194.687	29,162.880
Ounces of silver .....	2,888.14	4,346.76
Gross Value of Bullion .....	\$3,409,159.25	\$2,906,563.42
Average Price of gold/oz. ....	\$ 153.01	\$ 99.28
Average Price of silver/oz. ....	\$ 4.55	\$ 2.57

## OPERATING COSTS

	To Sept. 15, 1974	1973
Tons Milled .....	90,127	126,070
Tons per day .....	349	345
Ounces produced .....	22,194.687	29,162.880
Ounces per day .....	86.03	79.90

	To Sept. 15, 1974			1973		
	Total Cost	Per Ton Milled	Per Ounce	Total Cost	Per Ton Milled	Per Ounce
Property Exploration .....	\$ 72,569.77	\$ 0.805	\$ 3.270	\$ 70,729.05	\$ 0.561	\$ 2.425
Deferred Development .....	197,915.94	2.196	8.917	31,484.59	0.250	1.080
Mine Development .....	288,854.41	3.205	13.014	161,255.48	1.279	5.529
Mining .....	1,103,843.36	12.248	49.733	1,173,823.99	9.311	40.251
Crushing and Conveying .....	45,178.31	0.501	2.036	60,527.07	0.480	2.075
Milling .....	233,273.39	2.588	10.510	303,305.74	2.406	10.400
General Expense .....	233,477.98	2.591	10.519	257,767.06	2.045	8.839
Employee Benefits .....	251,674.70	2.792	11.339	268,113.71	2.126	9.194
Administration Expense .....	80,957.81	0.898	3.648	62,513.29	0.496	2.144
Marketing Charges .....	25,481.22	0.283	1.148	21,308.38	0.169	0.731
Net Operating Cost .....	<u>\$2,533,226.89</u>	<u>\$28.107</u>	<u>\$114.134</u>	<u>\$2,410,828.36</u>	<u>\$19.123</u>	<u>\$82.668</u>

## MINE DEVELOPMENT

The following table shows the total footage of development work completed during the eight and one-half month period during 1974 and with comparable footage for 1973, 1972 and total to date.

	To Sept. 15, 1974	1973	1972	Total to Date
Shaft Sinking and Station Cutting .....				5,462
Crosscutting .....	73	162	527	39,932
Drifting .....	1,146	837	1,323	185,721
Raising .....	555	191	2,256	79,730
Diamond Drilling (contract) .....	8,816	16,994	12,145	2,043,641
Diamond Drilling (packsack) .....	880	4,185	8,191	340,971
Surface Drilling (contract) .....	3,052	5,313		196,228
Draw Points .....			3	525
Ramps .....	1,111	1,338		2,689
Charging Stations, etc. ....			308	308

The footages of development completed during the year are shown by levels in the following table:

Level	Crosscutting	Drifting	Raising	Ramping
7 .....	—	146	187	—
8 .....	—	—	53	—
9 .....	73	116	—	—
14 .....	—	79	—	—
16 .....	—	20	—	400
17 .....	—	419	—	—
18 .....	—	—	163	—
22 .....	—	366	105	—
23 .....	—	—	14	—
24 .....	—	—	33	—
25 .....	—	—	—	711
	<u>73</u>	<u>1,146</u>	<u>555</u>	<u>1,111</u>

## SOURCES OF ORE TO THE MILL

Ore Zone No.	Tons	Grade	Ounces
1 .....	29,050	0.274	7,959.6
2 .....	20,310	0.224	4,552.2
3 .....	30,575	0.236	7,221.6
8 .....	10,170	0.335	3,405.2
#1 Shaft .....	860	0.202	173.3
Total .....	<u>90,965</u>	<u>0.256</u>	<u>23,311.9</u>

## BACKFILL

27,770 tons of deslimed tailings were placed as backfill during the eight and one-half month period for a total of 2,174,590 tons to date compared with 59,890 tons during the year 1973.

The "A" unit in the mill treated 1,180 tons of waste to produce 700 tons of backfill or 2.5% of the total.



## ORE RESERVES

Estimated ore reserves as at September 30, 1974 and comparable figures for 1973 are as follows:

	Sept. 30, 1974			Dec. 31, 1973		
	Tons	Grade	Ounces	Tons	Grade	Ounces
Developed .....	126,697	0.19	23,876	222,372	0.22	47,816
Probable (below levels) .....	72,000	0.30	21,600	60,000	0.35	21,000

There is also an additional estimated 118,300 tons grading 0.15 oz. left in remnants in the upper levels of the mine. Some of this may be mineable at the higher price of gold.

## MILLING

The milling data for the current year, the previous two years and the total to date are shown in the following table:

	Sept. 15, 1974	1973	1972	Aug. 11, 1938 Sept. 15, 1974
Dry tons treated .....	90,127	126,070	138,250	8,140,233
Percentage Operating Time .....	87.4	83.9	87.4	90.37
Tons Treated Per Day .....	349.3	345.4	377.7	577.24
Mill Heads, ozs./ton .....	0.257	0.244	0.288	0.310
Mill Tails, ozs./ton .....	0.011	0.012	0.015	0.019
Percentage Recovery .....	95.65	94.96	94.82	93.74

The "B" unit of the mill operated continuously during the period. The "A" unit was operated only to produce extra backfill as required.

## GENERAL

Exploration work carried out by both Madsen personnel and outside consultants has failed to disclose further material of economic interest.

Mining carried out in the No. 1 Shaft zone proved disappointing. Although initial sampling was substantiated, the zone appeared to be erratic and mining was discontinued.

To maintain production, declines are being driven below the bottom levels for the extraction of small ore lenses in both No. 8 and No. 1 zones and this ore will be available during 1975.

Although the labour contract was effective until August 1, 1974, management found it necessary to grant an additional interim wage increase of up to 95 cents per hour plus additional fringe benefits effective April 1, 1974 and a further increase of 30 cents per hour effective September 1, 1974. The contract was then extended until April 1, 1975 at which time further substantial increases are expected.

Despite these sharp increases, a shortage of labour and a high turnover rate continued to hamper operations. These factors, together with escalating material prices resulted in excessively high production costs. Under present policies these trends can be expected to continue.

## CONCLUSION

The support of the President and the Directors and Officers of the Company and the appreciation of the work of the Staff and employees at the mine are gratefully acknowledged.

Yours very truly,

J. A. Hambleton, P.Eng.,

Mine Manager.

Madsen, Ontario  
March 1975



# MADSEN RED LAKE GOLD MINES, LIMITED

## STATEMENT OF EARNINGS

for the year ended December 31, 1974

	1974	1973
<b>Bullion production</b>		
Gold .....	\$ 3,396,015.84	\$ 2,895,398.46
Silver .....	13,143.41	11,164.96
	3,409,159.25	2,906,563.42
Marketing charges .....	25,481.22	21,308.38
	3,383,678.03	2,885,255.04
<b>Operating and administration costs</b>		
Mining .....	1,103,843.36	1,173,823.99
Crushing and milling .....	278,451.70	363,832.81
Mine development .....	559,340.12	244,502.13
Employee benefits .....	251,674.70	268,113.71
Management and general expense at the property .....	233,477.98	257,767.06
Administration .....	80,957.81	62,513.29
	2,507,745.67	2,370,552.99
<b>Operating profit</b> .....	875,932.36	514,702.05
<b>Other income</b>		
Investment income .....	202,570.79	114,370.04
Gain on sale of fixed assets .....		85,623.29
Hydro rebate .....		72,838.94
	202,570.79	272,832.27
	1,078,503.15	787,534.32
<b>Depreciation</b> .....	343.80	73,104.37
<b>Amortization</b> .....	18,052.58	25,486.01
<b>Income and mining taxes</b> .....	125,000.00	15,000.00
	143,396.38	113,590.38
<b>Net earnings before extraordinary item</b> .....	935,106.77	673,943.94
<b>Extraordinary item (note 3)</b> .....	1,398,876.38	
<b>Net earnings (loss)</b> .....	\$ (463,769.61)	\$ 673,943.94
<b>Net earnings per share before extraordinary item</b> .....	\$0.26	\$0.19
<b>Net earnings (loss) per share</b> .....	\$(0.13)	\$0.19

## STATEMENT OF RETAINED EARNINGS

for the year ended December 31, 1974

	1974	1973
Balance, beginning of year .....	\$ 3,322,195.55	\$ 2,705,504.19
Net earnings .....		673,943.94
	3,322,195.55	3,379,448.13
Dividend #49 .....	1,493,602.32	
Net loss .....	463,769.61	
Acquisition costs and exploration expenditure on mining claims abandoned .....	213.49	52,129.72
Adjustment of prior year's expenses .....		5,122.86
	1,957,585.42	57,252.58
<b>Balance, end of year</b> .....	\$ 1,364,610.13	\$ 3,322,195.55

# BALANCE SHEET

December 31, 1974

## ASSETS

### CURRENT ASSETS

	1974	1973
Cash .....	\$ 59,836.87	\$ 442,526.72
Short term deposits .....	1,980,513.11	1,455,000.00
Bullion in storage .....	356,343.13	
Bullion .....	18,142.41	
Bullion in transit .....		207,000.74
Accounts receivable .....	34,594.47	20,724.75
Note receivable .....	216,000.00	
Marketable securities, at cost .....	399,769.18	336,050.54
(Market value 1974 \$623,535.76; 1973 \$529,087.88)		
Materials and supplies, at cost .....		406,620.52
Prepaid expense .....		19,877.28
	3,065,199.17	2,887,800.55
NOTES RECEIVABLE (note 1) .....	384,000.00	

### SHARES IN MINING COMPANIES, at cost

Baffinland Iron Mines Limited		
680,075 shares .....	576,451.25	568,387.25
Other .....	43,584.50	43,584.50
	620,035.75	611,971.75

### PROPERTY, PLANT AND EQUIPMENT, at cost

Buildings, machinery and equipment .....	20,708.41	5,964,103.38
Less: Accumulated depreciation .....	19,333.21	5,671,686.91
	1,375.20	292,416.47
Mining property — Red Lake .....		1,705,148.62
Deferred mine development, at cost less amount amortized .....		144,420.74
	1,375.20	2,141,985.83

### OTHER MINING PROPERTIES

Mining claims, at cost .....	26,953.50	31,024.50
Deferred exploration expenditure .....	4,685.82	5,380.44
	31,639.32	36,404.94
	<u>\$ 4,102,249.44</u>	<u>\$ 5,678,163.07</u>

Approved by the Board:

P. H. McCLOSKEY, Director

D. W. FALCONER, Director

(Incorporated under the laws of Ontario)



# MADSEN RED LAKE GOLD MINES, LIMITED

## STATEMENT OF SOURCE AND APPLICATION OF FUNDS

for the year ended December 31, 1974

Source of Funds	1974	1973
From operations		
Net earnings before extraordinary item .....	\$ 935,106.77	\$ 673,943.94
Depreciation .....	343.80	73,104.37
Amortization .....	18,052.58	25,486.01
Gain on sale of fixed assets .....		(85,623.29)
	953,503.15	686,911.03
Sale of fixed assets .....	10,330.00	98,577.25
Issue of 35,668 shares (1973 21,000 shares) .....	21,467.50	13,200.00
Proceeds of sale of mining property, buildings, machinery and equipment less current income taxes of \$255,000.00 .....	914,503.90	
Sale of investments .....		250.00
	1,899,804.55	798,938.28
Application of Funds		
Dividend #49 .....	1,493,602.32	
Long term portion of notes receivable .....	384,000.00	
Additions to buildings and equipment .....	53,992.91	100,318.72
Outside exploration .....	2,950.99	2,385.33
Investment in Baffinland Iron Mines Limited .....	8,064.00	
Deferred development .....		169,906.75
Acquisition cost of mining claims .....		16,829.04
Prior year's adjustment .....		5,122.86
	1,942,610.22	294,562.70
Increase (Decrease) in Working Capital .....	(42,805.67)	504,375.58
Working Capital Beginning of Year .....	2,654,400.53	2,150,024.95
Working Capital, End of Year .....	\$ 2,611,594.86	\$ 2,654,400.53

## DISTRIBUTION OF GROSS INCOME

for the year ended December 31, 1974

Gross income	1974	1973
Bullion .....	\$ 3,409,159.25	\$ 2,906,563.42
Interest and other income .....	202,570.79	272,832.27
	\$ 3,611,730.04	\$ 3,179,395.69
Distribution		
Materials, supplies, contractors and general operating expenses .....	\$ 1,228,657.38	\$ 710,551.17
Salaries and wages .....	927,251.19	1,250,306.96
Hydro electric power .....	120,061.50	157,431.86
Workmen's compensation silicosis insurance .....	89,508.30	83,559.25
Holidays with pay and unemployment insurance .....	67,422.00	82,355.62
Pension, group insurance and medical expense .....	43,969.37	52,356.58
Boarding house and employees, travel expense .....	56,357.15	55,299.93
Depreciation .....	343.80	73,104.37
Amortization .....	18,052.58	25,486.01
Taxes .....	125,000.00	15,000.00
Extraordinary item .....	1,398,876.38	
Net earnings (loss) .....	(463,769.61)	673,943.94
	\$ 3,611,730.04	\$ 3,179,395.69

# MADSEN RED LAKE GOLD MINES, LIMITED

## NOTES TO FINANCIAL STATEMENTS

December 31, 1974

### 1. Notes receivable

Notes are outstanding at 5% per annum as follows:

October 25, 1975 .....	\$ 216,000.00
October 25, 1976 .....	217,000.00
October 25, 1977 .....	167,000.00
	<hr/>
	600,000.00
Less: Current portion .....	216,000.00
	<hr/>
	\$ 384,000.00

### 2. Share capital

- (a) During the year ended December 31, 1974, the Company issued 35.668 shares for \$21,467.50 cash.
- (b) Options to an officer of the Company are outstanding on 11.666 shares at \$0.70 per share exercisable on or before March 25, 1976.

### 3. Extraordinary item

On September 15, 1974 the Company sold its property, plant, supplies and equipment at Madsen, Ontario for \$1,700,000.00 — \$1,100,000.00 cash and \$600,000.00 in notes receivable referred to in note 1. This transaction gave rise to the following write offs, taxes and losses:

Loss on mining property .....	\$ 587,651.74
Loss on buildings, machinery and equipment .....	259,360.38
Deferred mine development .....	126,368.16
Expenses .....	30,496.10
Income taxes of which \$140,000 are deferred .....	395,000.00
	<hr/>
	\$ 1,398,876.38

### 4. Statutory information

The aggregate direct remuneration paid to directors and senior officers (as defined in the Business Corporations Act, Ontario) was \$73,850.00 in 1974 and \$104,688.00 in 1973.

# M A D S E N REI

## Our Ten Year

	1938-1974	1974	1973	1972
Ounces of gold produced .....	2,367,571.004	22,194.687	29,162.880	37,695.64
Tons of ore milled .....	8,140,233	90,127	126,070	138,250
Recovery of value per ton milled .....	\$ 11.09	\$ 37.83	\$ 23.05	\$ 16.34
Average price of gold per ounce .....	\$ 37.94	\$ 153.01	\$ 99.28	\$ 59.64
Income from gold and silver .....	\$ 90,256,227.52	\$ 3,409,159.25	\$ 2,906,563.42	\$ 2,258,917.55
Operating and marketing costs .....	\$ 72,368,354.56	\$ 2,533,226.89	\$ 2,391,861.37	\$ 2,307,963.61
Operating profit (loss) .....	\$ 17,887,872.96	\$ 875,932.36	\$ 514,702.05	\$ (49,046.06)
Sundry income .....	\$ 1,645,822.15	\$ 202,570.79	\$ 272,832.27	\$ 84,980.23
Emergency gold mining assistance .....	\$ 7,922,300.00			
Provision for taxes .....	\$ 4,490,719.70	\$ 520,000.00	\$ 15,000.00	
Depreciation .....	\$ 5,959,761.34	\$ 343.80	\$ 73,104.37	\$ 69,539.02
Net earnings (loss) .....	\$ 15,121,748.13	\$ (463,769.61)	\$ 673,943.94	\$ (33,604.85)
Net earnings (loss) per ton .....	\$ 1.86	\$ (5.14)	\$ 5.34	\$ (0.23)
Net earnings (loss) per share .....	\$ 4.25	\$ (0.13)	\$ .19	\$ (0.01)
Cash profits less net capital expenditure .....	\$ 15,523,194.81	\$ 1,816,280.14	\$ 697,685.25	\$ 993.15
Dividends paid .....	\$ 11,938,493.40	\$ 1,493,602.32		
Dividends paid per share .....	\$ 3.41	\$ 0.42		
Percentage of dividends paid to cash profits less net capital expendi- ture .....	\$ 78.95	\$ 82.23		
Working capital .....	\$ 2,611,594.86	\$ 2,611,594.86	\$ 100,318.72	\$ 40,845.91



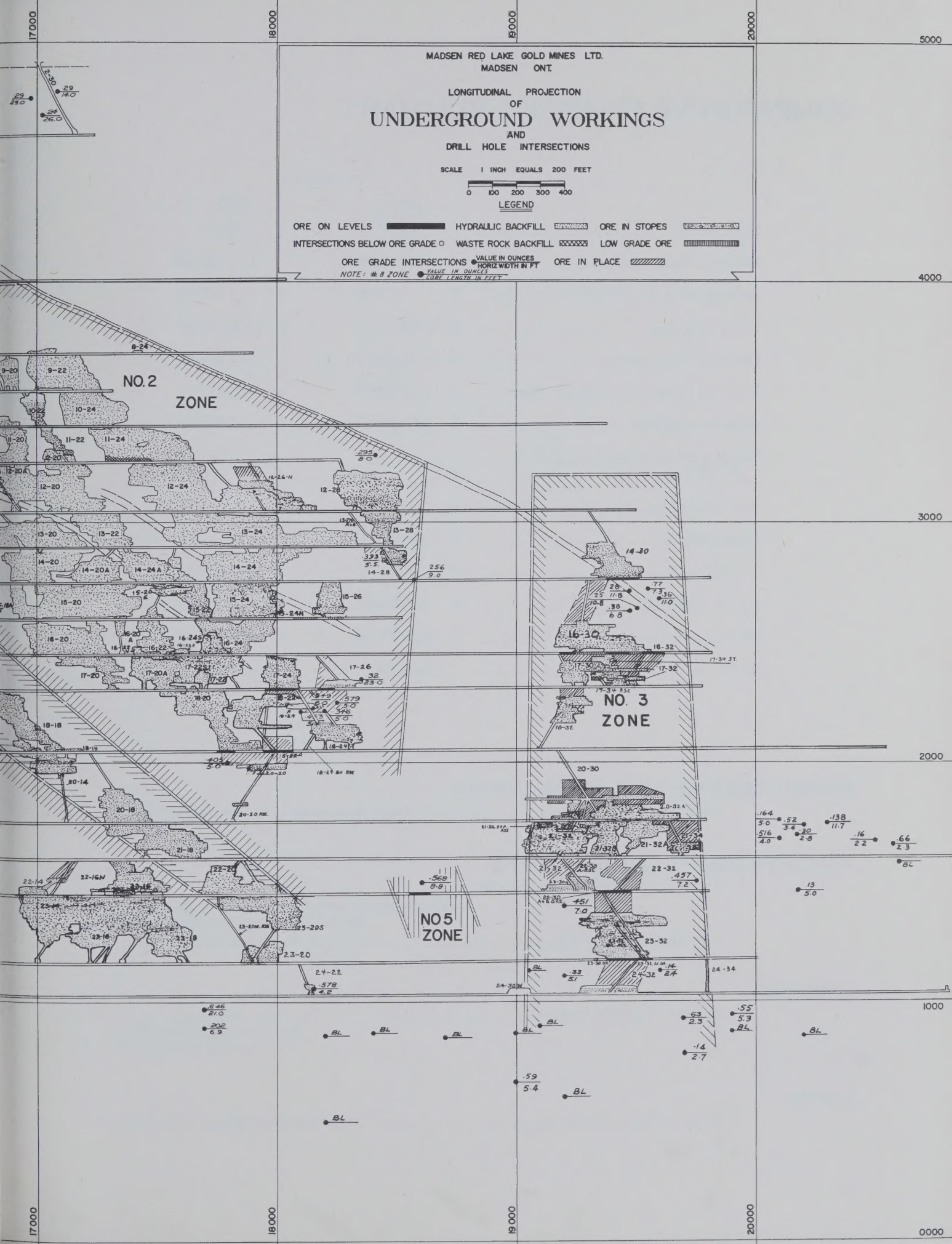
# LAKE GOLD MINES, LIMITED

## Operating Story

1971	1970	1969	1968	1967	1966	1965
44,496.620	40,569.063	60,579.378	56,196.218	70,032.531	69,999.031	87,632.198
146,162	184,530	238,473	265,268	277,566	246,505	292,681
\$ 10.83	\$ 8.10	\$ 9.66	\$ 8.08	\$ 9.60	\$ 10.78	\$ 11.36
\$ 35.33	\$ 36.49	\$ 37.70	\$ 37.70	\$ 37.77	\$ 37.73	\$ 37.73
\$ 1,583,484.23	\$ 1,494,250.97	\$ 2,302,950.62	\$ 2,141,924.67	\$ 2,665,637.73	\$ 2,657,165.51	\$ 3,326,452.29
\$ 2,017,402.16	\$ 2,283,715.55	\$ 2,645,183.27	\$ 2,699,063.09	\$ 2,731,293.97	\$ 2,656,484.09	\$ 2,981,326.38
\$ (433,917.93)	\$ (789,464.58)	\$ (342,232.65)	\$ (557,138.42)	\$ (65,656.24)	\$ 681.42	\$ 345,125.91
\$ 62,202.58	\$ 58,371.14	\$ 136,157.95	\$ 69,762.05	\$ 82,915.96	\$ 60,752.87	\$ 37,349.46
\$ 444,000.00	\$ 416,600.00	\$ 622,000.00	\$ 577,400.00	\$ 630,000.00	\$ 625,000.00	\$ 585,000.00
	—	—	—	\$ 17,000.00	\$ 65,000.00	\$ 86,500.00
\$ 77,406.52	\$ 96,629.35	\$ 109,459.71	\$ 128,460.65	\$ 156,829.65	\$ 180,025.92	\$ 202,098.68
\$ (5,121.87)	\$ (411,122.79)	\$ 305,465.59	\$ (38,437.02)	\$ 473,430.07	\$ 441,408.37	\$ 678,876.69
\$ (.03)	\$ (2.23)	\$ 1.28	\$ (.14)	\$ 1.70	\$ 1.79	\$ 2.32
\$ (.00)	\$ (.12)	\$ .09	\$ (.01)	\$ .14	\$ .13	\$ .19
\$ 48,523.27	\$ (451,879.12)	\$ 269,972.64	\$ 29,755.34	\$ (76,020.27)	\$ 447,161.85	\$ 696,200.34
	\$ 104,985.84	—	—	\$ 349,952.80	—	\$ 262,464.60
	\$ .03	—	—	\$ .10	—	\$ .075
	—	—	—	—	—	\$ 37.78
\$ 5,526.43	\$ 49,350.15	\$ 36,371.63	\$ 15,783.16	\$ 63,398.63	\$ 80,476.00	\$ 112,695.29



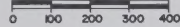




MADSEN RED LAKE GOLD MINES LTD.  
MADSEN ONT.

LONGITUDINAL PROJECTION  
OF  
**UNDERGROUND WORKINGS**  
AND  
DRILL HOLE INTERSECTIONS

SCALE 1 INCH EQUALS 200 FEET



LEGEND

ORE ON LEVELS HYDRAULIC BACKFILL ORE IN STOPES   
INTERSECTIONS BELOW ORE GRADE WASTE ROCK BACKFILL LOW GRADE ORE   
ORE GRADE INTERSECTIONS VALUE IN OUNCES  
NOTE: # 8 ZONE VALUE IN OUNCES  
CORE LENGTH IN FEET

NO. 2  
ZONE

NO. 3  
ZONE

NO. 5  
ZONE

.164  
5.0  
576  
4.0

.52  
3.4  
2.8

.138  
11.7

.16  
2.2

.66  
2.3

BL

.13  
5.0

.63  
2.3

.55  
5.3  
BL

.14  
2.7

.59  
5.4

BL

BL

BL

BL

BL

BL

BL



# COMPARATIVE FINANCIAL SUMMARY

	December 31	
	1974	1973
Tons milled .....	90,127	126,070
Ounces of gold produced .....	22,194.687	29,162.880
Average price of gold per ounce .....	\$ 153.01	\$ 99.28
Value of bullion .....	\$ 3,409,159.25	\$ 2,906,563.42
Operating expenditures .....	\$ 2,533,226.89	\$ 2,391,861.37
Earnings before extraordinary item .....	\$ 935,106.77	\$ 673,943.94
Net earnings (loss) .....	\$ (463,769.61)	\$ 673,943.94
Earnings before extraordinary item per share .....	\$ 0.26	\$ 0.19
Net earnings (loss) per share .....	\$ (0.13)	\$ 0.19
Dividend paid .....	\$ 1,493,602.32	
Current assets .....	\$ 3,065,199.17	\$ 2,887,800.55
Current liabilities .....	\$ 453,604.31	\$ 233,400.02
Working capital .....	\$ 2,611,594.86	\$ 2,654,400.53
Shares issued .....	3,556,196	3,520,528

## MADSEN RED LAKE GOLD MINES, LIMITED

HEAD OFFICE ..... 55 Yonge Street, Suite 1110, Toronto, Canada M5E 1J4.

## TRANSFER AGENTS AND REGISTRARS

GUARANTY TRUST COMPANY OF CANADA

88 University Avenue, 5th floor, Toronto, Canada M5J 1T6.  
427 St. James Street West, Montreal, Canada.

THE BANK OF NEW YORK ..... 48 Wall Street, New York 10015, N.Y.

## AUDITORS

JARRETT, GOOLD & ELLIOTT ..... Suite 1406 - Royal Trust Tower,  
Box 11, Toronto-Dominion Centre,  
Toronto, Ontario M5K 1A7.

## LISTED

TORONTO STOCK EXCHANGE ..... 234 Bay Street, Toronto, Canada. M5J 1R1



